

**IOWA RACING AND GAMING COMMISSION
MINUTES
MARCH 5-6, 2014**

The Iowa Racing and Gaming Commission (IRGC) met on March 5-6, 2014 at Prairie Meadows Racetrack and Casino (PMR&C), Altoona, Iowa. Commission members present were Jeff Lamberti, Chair; Carl Heinrich, Vice Chair; and members Rich Arnold, Kris Kramer and Dolores Mertz.

Chair Lamberti called the meeting to order at 5:30 PM. Brian Ohorilko, Administrator, advised him that agenda item 3 had been resolved and could be removed from the agenda. Chair Lamberti called for a motion regarding the agenda, noting the amendment. Commissioner Heinrich moved to approve the amended agenda. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti requested a motion to go into Executive Session. Commissioner Kramer moved to go into Executive Session pursuant to, but not limited to, Iowa Code Section 21.5(1)a and g for the purpose of receiving Division of Criminal Investigation background reports on Cedar Rapids Development Group, LLC. Commissioner Mertz seconded the motion, which carried unanimously on a roll call vote.

Following the conclusion of the Executive Session, Chair Lamberti recessed the meeting until 8:30 AM, Thursday, March 6th in the Bishop C meeting room.

Chair Lamberti reconvened the meeting at 8:30 AM on March 6th, and called on Gary Palmer, General Manager of PMR&C, for a welcome. He introduced City Councilman Kyle Mertz. Mr. Palmer welcomed everyone to the facility, and noted they are currently remodeling the main entrance to the casino. He turned the floor over to Mr. Mertz, who indicated the City of Altoona enjoys a wonderful relationship with PMR&C.

Chair Lamberti moved to the approval of the minutes from the January 9, 2014 meeting. Commissioner Mertz moved to approve the January 9, 2014 minutes as submitted. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Mr. Ohorilko for announcements. Mr. Ohorilko provided the following information regarding upcoming Commission meetings:

- April 3, 2014 – Doubletree by Hilton Cedar Rapids Convention Complex, Cedar Rapids, IA – Site Visit, Public Comment, Question & Answer
- April 17, 2014 – Ameristar, Council Bluffs, IA (Submissions due by April 3, 2014)
- May 29, 2014 – Sierra Community Theatre, Jefferson, IA – Site Visit, Public Comment, Question & Answer
- June 12, 2014 – Catfish Bend Casino, Burlington, IA (Submissions due by May 28, 2014)

With regard to the April 3rd meeting in Cedar Rapids, he advised the Commission would be

making their site visit, receive public comment and ask questions of the applicant. On May 29th, the Commission will be meeting at the Sierra Community Theatre in Jefferson regarding the Greene County application. The meeting will commence at 10:00 AM with the site visit, and public comment at 12:30 PM.

Chair Lamberti moved to the Statewide Market Analysis presentations and called on Marquette Advisors. Lou Frillman and Brent Wittenberg were present to address their study. Mr. Frillman thanked the Commission for the opportunity to provide some advice on the status of the gaming business in the state and the impact of any additional facilities on existing facilities.

Mr. Wittenberg stated the purpose of the study was a statewide gaming market assessment, including a detailed review of all existing casinos and their surrounding markets, which included historical utilization and revenue data, a comprehensive review of customer data provided by casino operators, and surrounding demographics, market economics and growth trends. The study also provides a comprehensive forecast of Iowa casino revenues on a statewide and per-facility basis. Additional focus was placed on the specific casino proposals in Linn and Greene Counties.

Mr. Wittenberg indicated the key questions to be answered by the study were:

- What is the revenue potential for proposed casinos in Linn and Greene Counties;
- What is the likely impact of those facilities on the market as a whole and the impact on the competitive facilities in the surrounding market; and
- Identify any underserved or underperforming markets in the state, and why they might be underperforming.

Mr. Wittenberg provided the following key findings from Marquette's analysis and fieldwork:

- High-quality facilities, well-managed, well-maintained providing a quality and varied entertainment experience, and quality food and beverage offerings. The facilities are also making significant ongoing investment in their properties.
- Iowa casinos are not overbuilt for their respective markets; but noted that "resort" amenities are becoming less relevant as the market areas shrink and become more localized.
- Facilities are appropriately designed and themed for their market.
- The recession impacted Iowa gaming but later by comparison to many US markets. He noted the market has recovered, but the effects of the recession are still lingering as FY 2013 revenues only exceeded the pre-recession level by less than two percent (2%) in Iowa.

Mr. Frillman noted the FY 2013 revenue of \$1.44 billion statewide included a full year of operations at Grand Falls Casino & Resort (GFCR), which brought in new money to the state.

Mr. Wittenberg stated casino operators in Iowa will face the following challenges:

- A modest population growth, less than 1% annually;
- Recently declining participation rates based on IRGC statistics and their review of player tracking statistics provided by the facilities. The casual gamers lost during the recession

are not fully re-engaged due to lingering effects. He indicated this is true in other gaming jurisdictions as well.

- An increase in competition, which translates into smaller, more localized markets and a shrinking geographic draw area.
- Potential gaming expansion in neighboring states.

Mr. Frillman thanked the casinos for their 100% cooperation, which provided them a perfect database from which to operate. He noted that as they proceed through the study, in terms of describing customer profiles, demographics, where individuals are playing and why, they are utilizing information received from the facilities.

Mr. Wittenberg stated Iowa has more localized markets:

- The casinos are dispersed throughout Iowa, and are conveniently located near population centers;
- Most Iowans have between 1-3 casinos within a 60-minute drive time. He noted that in spite of the amenities offered, location and convenience remain the primary factor in a choice of gambling venue.
- Casino markets are increasingly localized, drawing from shorter distances
- Casinos are more local, not “destination” oriented in spite of the fact that many include comprehensive resort-style amenities.

Additional findings indicate that a majority of Iowa casinos have reached or are approaching maximum penetration within their respective markets; and should expect modest increases in gaming participation rates in markets following planned facility upgrades. Mr. Wittenberg stated the new proposed casinos would derive a majority of their revenues by cannibalization of existing facilities.

Mr. Wittenberg stated that in order to develop a gaming revenue forecast, Marquette first developed a 2013 baseline model to predict current Iowa gaming revenue performance on a statewide basis and each individual facility in terms of visitation and gaming revenues. The model is based on a review of recent and historical casino performance and detailed evaluation of player tracking data. The next step was to develop a forecasting model that adjusts for population growth going forward and projecting out to 2017. Additionally, this model adjusts for ongoing changes in supply and adjusts for modest increases in participation rates and redistribution of market shares in Sioux City and the Quad Cities. Mr. Wittenberg advised they also created a model that adjusted for potentially new casinos in the counties of Linn, Greene and Webster, with corresponding increases in participation rates and redistribution of market share. The baseline model projects approximately an 11% increase in statewide gaming revenues excluding tribal gaming facilities, or \$1.60 billion by 2017. It is estimated approximately \$750 million will come from non-Iowa residents. These figures include new facilities as planned for Davenport and Sioux City, and a possible land-based facility in Bettendorf; they do not include new casinos in Linn or Greene Counties.

Mr. Wittenberg stated another task was to identify potentially underserved markets. He reiterated their belief that a majority of casinos are at or near maximum penetration of their

respective submarkets; and advised there are no underserved markets in Iowa at this time. Mr. Wittenberg stated a majority of Iowans are served by multiple casinos within a one hour drive; the state has a relatively low rate of adults per gaming position compared to many US markets; a slow growth trend relative to population; gaming participation rates are down; and any addition of casinos in Iowa will likely result in cannibalization activity at existing casinos, with cannibalization being the primary source of revenue at those facilities.

Mr. Wittenberg stated they reviewed in detail the proposed facility in Linn County; visited the site, talked with individuals involved in the project; and city and county officials. He stated the proposed project will have approximately 840 slot machines and 30 table games, be an urban-type casino with no attached hotel; and have a projected investment of \$165 million. Based on a review of competition, market factors, and player tracking information from venues in the periphery of Cedar Rapids, Marquette would expect to see the following:

- Majority of customers would come from within a 30-minute drive
- Facility would become a dominate “locals” casino. It would be the primary gaming venue for Cedar Rapids-area residents.
- Create an increase in participation rates in and around the Linn County market for those residents residing within 30-60 minutes of the casino. This would vary by zip code. The model assumed a 30% increase in gaming by Cedar Rapids-area residents.
- The primary competitors will be Riverside, Isle-Waterloo and Meskwaki; second competition will come from Clinton, the Quad Cities and Dubuque.

Mr. Wittenberg noted Cedar Rapids is the key market for the casinos in the East Central Corridor, particularly Riverside. He reiterated that convenience is the primary factor in selecting a casino venue. Mr. Wittenberg advised there would be a significant redistribution of market share, particularly with respect to the Cedar Rapids market, and that Riverside would see the most impact. The facility is projected to have a net win of approximately \$81 million in 2017; approximately 83%, or \$59 million, would come from cannibalization and 27%, or \$22 million, would be “new” incremental gaming revenue. The cannibalization from existing facilities is projected as follows: Riverside - \$25 million; Isle-Waterloo and Meskwaki - \$10 million each; Isle-Bettendorf and Rhythm City - \$6 million each; and others at \$2 million.

In reviewing the Greene County project, Marquette Advisors followed the same process as in Linn County. The proposed project will include approximately 525 slot machines and 14 table games; multiple food and beverage concepts, an event center and a 60-70 room attached hotel. The projected investment is \$70 million. Mr. Wittenberg noted this project is located in a very rural location, and remote from key population centers. It is expected there would be a significant increase in gaming participation rates, as much as 50% for some zip codes in the immediate area; however, the market area is sparsely populated. Mr. Wittenberg noted the facility is unlikely to gain significant penetration in the west suburbs of Des Moines due to distance, the convenience of PMR&C, and the availability of leisure and entertainment venues in the market segment. The customer base will primarily be rural and come from within a 30-60 minute market; he noted that gamers in this area of the state drive the greatest distances to reach a casino at the present time. Mr. Wittenberg stated Wild Rose Jefferson would recapture the

local visits, which would impact several peripheral casinos – specifically PMR&C, Meskwaki and Wild Rose-Emmetsburg. The facility is projected to have a net win of approximately \$28 million by 2017; approximately 79%, or \$22 million, would come from cannibalization and 21%, or \$6 million, would be “new” gaming revenue. The cannibalization from existing facilities is projected as follows: PMR&C - \$6 million; Meskwaki - \$4.5 million; Wild Rose-Emmetsburg - \$3.2 million; and others - \$8.3 million.

With regard to Webster County, no specific proposal is before the Commission at this time; however, there is local support for a casino. Marquette assumed 700 gaming positions for a facility located near the intersections of US 169 and US 20 in Fort Dodge. The facility would have a strong customer base from the Fort Dodge area and the small communities within a 30-60 minute drive time. It would compete with casinos located at the periphery of the market area. Mr. Wittenberg advised the projected net win for a Webster County facility is \$40 million in 2017; approximately 62%, or \$24.8 million, would come from cannibalization and 38%, or \$15.2 million, would be “new” gaming revenue. The projected cannibalization is as follows: PMR&C - \$7.5 million; Wild Rose-Emmetsburg - \$4 million; Meskwaki - \$5 million; Isle-Waterloo - \$3.5 million; and others - \$4.8 million.

Mr. Wittenberg concluded the report by advising there are no “underserved” markets in Iowa at this time. The following factors led them to that conclusion:

- Population per gaming position in Iowa is relatively low compared to many US markets;
- Modest population growth;
- Evidence of declining, or stagnant, growth in gaming participation rates, and lingering effects of the recession;
- Respective gaming markets becoming more localized; most gamers have multiple casino options within a reasonable driving distance; and
- A majority of facilities are approaching, or have reached, their maximum penetration in key population centers in adjacent states.

Mr. Wittenberg noted the proposed casinos are expected to generate a majority of their revenues from cannibalization; thereby, creating “underperforming” facilities within the market due to redistribution of market share. The majority of the revenues are expected to come from within Iowa, with a limited draw into neighboring states.

Mr. Wittenberg reiterated that the existing casinos are strategically located, well-built, well managed, have significant ongoing maintenance and provide a quality entertainment experience. He stated it is Marquette’s advice that going forward the focus should be to maintain and upgrade the quality of the facilities and entertainment experience offerings.

Chair Lamberti opened the floor up to questions. Mr. Ohorilko noted that a previous study indicated Polk County may be underserved. He asked if they looked at the Polk County area during their analysis of the state and if it was taken into consideration in the comments regarding maximum penetration into the existing market.

Mr. Wittenberg answered in the affirmative, stating they looked at every county. He stated participation rates in Polk County along with the greater metropolitan Des Moines area are relatively high, such that it is their opinion that the introduction of a new casino elsewhere in the market would significantly impact participation rates. He stated that even if participation rates increased by 23% in this market, Marquette anticipates that at least 50% of the revenues at a new facility elsewhere in Des Moines or the metro area would be from cannibalization, particularly from PMR&C and Lakeside.

Mr. Ohorilko asked whether drive time was the primary factor in determining the cannibalization rates, and asked how the numbers were calculated. Mr. Wittenberg stated they looked at a variety of factors, with drive time being the primary one. He indicated everything goes back to the player tracking statistics provided by the facilities. Mr. Wittenberg stated they have a good idea of where the visits are coming from by point of origin.

Mr. Frillman stated they have the perfect base of data as it relates to where the customers are coming from for any of the existing facilities.

Chair Lamberti noted the 2008 studies seemed to indicate some capacity in the central Iowa market whether it was in Polk County or one of the surrounding counties. He asked what Marquette attributed the difference to – the improvements here, the recession, the increase in population, etc. Mr. Wittenberg noted that things have changed: the recession from which the economy is recovering and some change in behavior as well. The casual gamer has not fully re-engaged, and gaming visitation is down even though the revenues have bounced back. Mr. Wittenberg stated they are also sensitive to the fact there is the potential for another venue to be successful in a market like Des Moines, albeit at the expense of existing operators. He stated they are not saying there is not any capacity or the ability to generate additional gaming revenues in the state; they are saying those things will come at the expense of existing operators.

Chair Lamberti, referencing the Greene County cannibalization figures, noted that approximately \$8.3 million of the total impact was fairly disbursed. He asked if that was because the individuals are currently driving greater distances; that the Greene County numbers were not quite as specific as Linn County. Mr. Wittenberg advised they could provide a specific breakdown for each casino, but answered in the affirmative as the individuals are more dispersed; and are used to driving a greater distance. Additionally, there is more variance in the venues from which they have to choose as well.

Chair Lamberti noted the presentation indicated Iowa does not have “destination” casinos that draw customers from great distances; that convenience and location are really driving most players’ choices. He asked if that was true for the Linn County proposal despite the fact it is a bigger market, and a certain degree of tourism and convention business. He asked if those items were factored into the analysis; that it would not be considered a “destination” casino. Mr. Frillman stated all visitation that exists and all prospective visitation was considered. Mr. Wittenberg stated it would not just be Cedar Rapids residents feeding that casino; the numbers factor in the number of hotel rooms, convention activity, and general activity in and around Cedar Rapids; those guests would visit the casino as well.

Hearing no further questions for Marquette Advisers, Chair Lamberti called on Union Gaming Analytics. Rich Baldwin, Managing Director, advised that he had not prepared a power point presentation, but the study was available on the Commission's website. He thanked the Commission for giving them the opportunity to perform the study. Mr. Baldwin concurred with Marquette Advisers, noting this was a unique study; in most cases they might have some actual data, no actual data or a subset of data to work with. He concurred with Marquette that the companies had perfect information; advising that they didn't just take the data as presented to them, but took the time to follow up with every operator in the state to ensure that the data received was interpreted correctly. Mr. Baldwin reiterated Union Gaming's independence and objectivity throughout the process.

With regard to methodology, Mr. Baldwin stated he would be making several comments that were similar to Marquette Advisers, but would try to present the information a little differently. He advised a lot of what Union Gaming did and their conclusions were quite similar to Marquette Advisers. He stated Union Gaming requested and received actual carded play data by zip code for calendar years 2011, 2012 and 2013, as well as free play data, carded trip information, and average win per trip statistics. It was their opinion that analyzing all of this data together was the correct way to think about this analysis. They spent time visiting the various properties, surrounding competitive properties as well as one of the Native American facilities. Mr. Baldwin advised they analyzed a significant amount of data on the local and national levels in order to compare trends relative to the gaming market to create baseline for comparison purposes as they performed the study.

Mr. Baldwin, referencing a map on Page 10, stated it showed the origination of gaming revenue by state for 2013. The map shows that approximately 53% of Iowa's gross gaming revenue is coming from in-state zip codes and 47% from out-of-state zip codes. With regard to the question of destination casinos, Mr. Baldwin indicated they had heard the term as it relates to some of the proposals in Iowa, as well as around the country. He stated the idea of a destination casino is overplayed and not well understood in Union Gaming's opinion. Mr. Baldwin advised that when Union Gaming looked at the insular casinos in the state (PMR&C, Isle Waterloo, Riverside and Meskwaki), the amount of gross gaming revenue from in-state and out-of-state residents are 95% and 5% respectively.

Mr. Baldwin stated the three tribal casinos were factored into their analysis even though they are not under the jurisdiction of the Commission or a part of the study. He indicated it would be hard to do the study assuming they don't exist since they are competing for the same customers. He noted they did request and received some information from the Meskwaki and it was taken into consideration in the study's findings and conclusions.

Mr. Baldwin advised that Page 13 shows the current gaming market revenue by region. He indicated the regions are not indicative of anything other than a way for Union Gaming to provide the information received from the facilities without disclosing individual property information. He stated that carded play percentage statewide for the last two years is averaging 65%, up slightly from 63% in 2011. Mr. Baldwin also pointed out the information shows that carded trips are down significantly in 2013 from 2012 – 10.3 million versus 11.3 million; and

2012 was up slightly from 2011, which had 10.9 million carded trips. He indicated they also looked at free play, or promotional play, as it is indicative of the competitiveness of the market. As a percentage of total gross gaming revenue, free play represented 7.2% in 2013, 7% in 2012, and 6.3% in 2011. As a percentage of carded gross gaming revenue, free play represented 12.3% in 2013, 11.8% in 2012 and 11.3% in 2011. Referring to information on Page 23 of the report, Mr. Baldwin noted that in 2013 the 18 state-regulated casinos spent approximately \$102 million in promotional play and lost \$50 million in net gambling revenue.

Mr. Baldwin stated Union Gaming wanted to determine what they felt was the theoretical size of the Iowa gaming market, and therefore broke it down into two major segments and two minor segments. The major segments were local and regional markets; local includes Iowa residents and non-resident locals which Union defines as those individuals living within a 30-minute drive time of the Iowa state line. The regional segment includes those within a 30-60 minute drive time from the state line and those living in a 60 to 120 minute drive time from the Iowa state line. Mr. Baldwin advised that taking into account economic and income data, drive time methodology, utilizing many of the same components as Marquette, and looking at the state as a whole, Union Gaming feels the state is adequately represented today when comparing gaming positions relative to gaming demand.

Mr. Baldwin referenced page 72 of the study which shows all of the commercial and Native American casinos in Iowa and the surrounding states of North Dakota, South Dakota, Kansas, Missouri, Illinois, Wisconsin and Minnesota. He stated there is no shortage of casino opportunities, in their opinion, for residents of Iowa or those coming into Iowa. He reiterated that approximately 53% of revenue generated is coming from out-of-state; but noted there is a significant amount of interest in either entering or expanding the gaming industry around the country. Mr. Baldwin stated it is important to consider what is likely to happen in other states; it is not a question of if it will happen, but when.

On page 74, Mr. Baldwin stated they reviewed the adult population per gaming position in Iowa and benchmarked it against Class III gaming in Illinois, Indiana, and Missouri, and Native American gaming in Minnesota, South Dakota and Wisconsin. With the exception of South Dakota, Iowa's population is smaller relative to the other states, which is a factor that has to be considered. While Union Gaming believes there will be some population growth, it will be minimal over the next several years. Iowa has the lowest number of adults per gaming position (97) of the states with Class III gaming.

Mr. Baldwin referred to page 130, which discusses their cannibalization methodologies. He reiterated Union Gaming received carded play information from all 18 Iowa commercial casinos, which was based on zip code origin rather than a street basis. Therefore, their cannibalization studies are based on zip code methodologies. The information was used to factor, in their view, how an individual's gaming behavior would change with the addition of new gaming supply. He then moved to page 143 where they utilized the various cannibalization methodologies to identify the existing "at risk" gross gaming revenue based on the distribution of actual carded play data by zip code for all 18 commercial casinos if more supply was added to the market.

Mr. Baldwin stated that Union Gaming, like Marquette Advisors, completed the statewide market analysis; then reviewed the two applications that have been submitted and spent a significant amount of time reviewing, analyzing, and vetting what others have to say and think on these proposals. Union Gaming estimates Linn County's base gaming revenue in 2016 would be \$82.3 million, of which approximately \$66 million will be the result of cannibalization of existing casinos. He noted there would be some benefit to the state due to recapturing some revenue that is currently going to the Meskwaki Casino. Mr. Baldwin stated the state would receive new gaming revenue of approximately \$26.5 million. In their estimation, Riverside Casino would lose approximately 42% of the 2013 gross gaming revenue; Meskwaki – 11.1%; Isle Waterloo – 10.9%; Diamond Jo Dubuque – 6.2%, and Mystique – 4.4%.

In reviewing the Greene County application, Union Gaming projected 2016 gaming revenues of \$33.2 million, with the majority coming from existing facilities. It is their opinion there would be approximately \$2 million of new gaming revenue, plus another \$3.6 million recaptured from the Meskwaki Casino for total new revenue of approximately \$5.6 million. Cannibalization of existing facilities is estimated as follows based on 2013 gross gaming revenue: Prairie Meadows – 7%; Wild Rose Emmetsburg – 11.3%; Ameristar – 1.8%; Meskwaki Casino – 2.5%, and Isle Waterloo – 2.4%.

With regard to a possible Webster County facility, Mr. Baldwin advised their projected 2016 base gaming revenue is \$36.3 million with \$28.4 million coming from cannibalization at existing facilities; or new market growth of \$7.8 million. Again, there is the possibility of recapturing approximately \$6 million from Meskwaki for total new revenue of approximately \$13.9 million. Cannibalization of existing facilities, based on 2013 gross gaming revenues, is estimated as follows: Prairie Meadows – 5.6%; Wild Rose Emmetsburg – 18.8%; Diamond Jo Worth – 4.3%; Isle Waterloo – 3.5% and Meskwaki Casino – 2.8%.

In conclusion, Mr. Baldwin stated that after taking everything in the report into consideration, it is Union Gaming's conclusion that at the present time there are no underserved counties in the State of Iowa. It is their opinion the state's interests are better served by the existing casinos reinvesting in their current operations, keeping assets current and competitive without the risk of additional in-state gaming supply that would negatively impact their operations and financial well-being. He stated it is Union Gaming's recommendation the State of Iowa refrain from issuing additional casino licenses at this time and re-evaluate the situation at a later date.

Chair Lamberti called for any questions. Mr. Ohorilko, referencing the \$102 million of free play which resulted in a 3.5% decline in gross gaming revenue, noted there was a comment which stated "... the profit maximization occurs at the point marginal costs equal marginal revenues ...". He asked if it was reasonable to assume that Iowa, based on their analysis, has reached the maximum of free play that the operators will reasonably offer and expect to be redeemed going forward.

Mr. Baldwin stated the reason Union Gaming wanted to look at the free play was to understand the demand and supply. He indicated that behavior is only going to increase and the operators will have to become more aggressive from a marketing standpoint. Mr. Baldwin advised that he

expected the free play numbers to increase if additional supply is added. He stated free play is highly debated. He noted free play in Iowa is unique in that it is taxed; that is not true in all jurisdictions. Mr. Baldwin indicated the numbers were included in the study in order to understand competitively what is occurring at this point in time; not from a net revenue standpoint, but a gross revenue standpoint. He reiterated that Union Gaming would expect free play to increase if additional supply were added, based on their view that most of the growth would come from cannibalization versus new growth in revenue.

Mr. Ohorilko noted that Union Gaming utilized four different methods in determining the amount of cannibalization, and asked for an explanation of how they arrived at their figures.

Mr. Baldwin stated they had “perfect” information provided by the properties by zip code to show where people are coming from. The four methods were intended to identify what is at risk; and then by virtue of the provided information, they were able to more scientifically forecast how they believed the numbers would change with the addition of new supply.

Mr. Ohorilko, referencing page 108 – the revenue projections for Linn County, noted there was a difference in the cannibalization figures due to the differences in the methodology, and asked Mr. Baldwin to explain.

Mr. Baldwin noted Union Gaming has applied virtually no new growth, or very little to Linn County; they do not indicate 100% cannibalization, but do feel it is a very high percentage. The information shown is based on the data available to them, and allowed them to understand the possible risk to each individual property. He noted they did assume some growth, although less than Marquette projected.

Mr. Ohorilko asked about the Polk County area, noting a 2008 study indicated the possibility of an incremental increase in gaming revenue, and any underserved markets and how those issues factored into Union Gaming’s report.

Mr. Baldwin stated that based on the approach utilized for the study and the data available to them virtually every county was analyzed.

Commissioner Heinrich, referencing page 145 and the cannibalization impact of the proposed Greene County casino, noted the far reaching effect on Ameristar Casino at 1.8%. He noted there are two other casinos in Council Bluffs plus one in Sioux City. He asked if they would be affected or if Union Gaming picked one and presumed the same effect on the other casinos.

Mr. Baldwin reiterated they had received player database information from each casino. He stated it was interesting to see the amount of travel that was in-state from the zip code data for some of the casinos; that some individuals are driving considerable distances to frequent a particular casino even though they may have closer options. He advised the information is based on the carded play data. Mr. Baldwin stated they just listed the facilities that would be impacted the most; other facilities would be impacted to a lesser degree.

Hearing no further comments or questions for Mr. Baldwin, Chair Lamberti moved to the rules before the Commission and called on Mr. Ohorilko. Mr. Ohorilko stated Commission staff was requesting the approval of the final adoption of the rule package before the Commission in January. He provided the following summary of the proposed changes: Item 1 bridges the gap allowing the Gaming Board or Board of Stewards to suspend a license for up to 5 years, they were previously limited to one year; Items 2 and 3 clarify what debt arrangements need to be submitted to the Commission for approval; Item 4 allows a jockey agent in the quarter horse meet to represent three jockeys; and Item 6 relaxes some of the shipping requirements for gambling games. Mr. Ohorilko advised a public hearing was held on February 25th and the Commission received no comments on the proposed rule changes. He requested the Commission's approval.

Hearing no comments or questions concerning the proposed rules, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the final adoption of the rules as presented. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Lamberti called on Mr. Ohorilko to address the rules submitted under Notice of Intended Action. Mr. Ohorilko advised this rule package includes the following items: Item 1 modifies the term limits for the chair person; Item 2 requires the Commission to use the most recent edition of Roberts Rules of Order; Item 3 adds a few applications the Commission uses; Item 6 clarifies the fee that a distributor or manufacturer must pay when they are applying for a license; and Item 7 clarifies the requirement of what is a trained individual, and requires them to maintain a current license or certification. He advised these proposed rules were sent to the stakeholders approximately three weeks ago, and staff has not received any comments. Mr. Ohorilko requested approval of the rules submitted under Notice of Intended Action.

Hearing no comments or questions concerning the rules submitted under Notice of Intended Action, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the rules as submitted under Notice of Intended Action. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Eric Preuss, Program Manager for the Iowa Gambling Treatment and Prevention Program (IGTP) in the Department of Public Health (DPH). Mr. Preuss advised that March is Problem Gambling Awareness Month, and March 16-22 will be recognized as Problem Gambling Awareness Week in Iowa. He stated that during calendar year 2013, there were approximately 7,700 prevention hours; 678 clients were served; the 1-800-Bets-Off helpline received just over 4,100 calls and since the inception of the 1800betsoff website approximately three years ago, it is receiving approximately 14,000 visits annually.

Mr. Preuss advised the program has a budget of \$3.1 million to fund both prevention and treatment activities, as well as the help line. He stated the agency has created a problem gambler profile, which is also available on the agency's website: www.idph.state.ia.us/IGTP/. The profile gives an indication of what the individuals look like in Iowa that are admitted to the program. He stated the state is broken down into eleven service areas.

Mr. Preuss stated National Problem Gambling Awareness Month is important for the following reasons:

- Most adults gamble, and would benefit from programs to prevent development of a gambling disorder.
- March has become one of the biggest gambling occasions because of the popularity of the NCAA “March Madness” basketball tournament. It is estimated \$2.5 billion is spent on illegal gambling during March Madness each year.
- Between 8 and 12 million people in the United States meet the criteria for problem gambling; only a fraction seeks help.
- Many suffer in silence because they don’t know why they developed a problem; what a gambling disorder is, or where to get help.
- For the month of March, the IGTP partners with the Iowa Lottery for National Problem Gambling Awareness Week. During Responsible Gaming Education Week in August, IGTP partners with the Iowa Gaming Association, the National Center for Responsible Gaming and the Iowa casinos to promote responsible gaming education.

Mr. Preuss advised the diagnosis of a gambling disorder is classified as a persistent and recurrent problematic gambling behavior that leads to significant problems. It is classified as a disorder based upon scientific research that shows similarities to the causes and consequences of alcohol and drug problems. He stated the DPH currently funds ten problem gambling treatment programs that cover all 99 counties.

Mr. Preuss noted that anyone can develop a gambling problem; that it does not discriminate based on age, gender, religion, social status or education. He further stated that gambling problems may develop with any form of gambling activity. Groups at a higher risk of developing a problem include seniors, adolescents, college students, athletes and veterans. He provided the following gambling prevalence rates for Iowa:

- 91% have gambled in their lifetime; 69% during the past 12 months and 42% during the past 30 days
- Although .6% of Iowans have a gambling disorder, approximately 13.1% are at risk for developing a gambling disorder. He stated the .6% represents about 18,000 Iowans.
- While the percentage of Iowans with a gambling disorder is low, approximately 22% indicate they have been negatively impacted by the gambling behavior of someone they know.

Mr. Preuss provided the following resources for individuals to seek help in treating a gambling disorder: 1-800-Bets-off phone line or website; problem gambling prevention and awareness programs; Gamblers Anonymous; Gam-Anon; and the National Council on Problem Gambling.

Commissioner Heinrich stated it appears the program is making progress in reaching the individuals that need help. Mr. Preuss answered in the affirmative.

Hearing no further comments or questions for Mr. Preuss, Chair Lamberti called on Wes Ehrecke, Chief Executive Officer of the Iowa Gaming Association, who stated the facilities take problem gambling issues very seriously and dovetail with the treatment centers and invite them

to come to the facilities during the week to do staff training and set up tables to interact with patrons.

Mr. Ehrecke advised that Mr. Ohorilko will be setting out some impressive numbers regarding the casinos' economic impact on the state during agenda item 17. One of the categories is philanthropy; and the model that is set up in Iowa requires a qualified sponsoring organization to distribute funds to other non-profit organizations. He noted the Legislature established the County Endowment Program to funnel funds to the 85 non-casino counties via a qualified community foundation in each of the counties. He distributed copies of the 2012-2013 book setting forth how the \$80 million was distributed to various organizations in each county.

Chair Lamberti called on Harveys Iowa Management Co., Inc. d/b/a Harrah's Council Bluffs Casino Hotel regarding their request for Commission approval of a remodeling project. Bo Guidry, General Manager, requested approval of the project as submitted.

Chair Lamberti asked the total cost of the project. Mr. Guidry stated it is approximately \$1.5 million.

Hearing no further comments or questions for Mr. Guidry, Chair Lamberti requested a motion. Commissioner Heinrich moved to approve the remodel project as submitted by Harveys Iowa Management Co., Inc., d/b/a Harrah's Council Bluffs Casino Hotel. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti noted the next agenda item was the presentation regarding the Greene County application, and indicated the Commission would take a 15 minute break to allow them to get set up.

Chair Lamberti reconvened the meeting following the break, and called on Wild Rose Jefferson, LLC. Tom Timmons, President of Wild Rose Entertainment, introduced the Wild Rose Executive Management team: Gary Kirke, majority owner; Dr. Mike Richards, partner; Scott Ivers, Chief Financial Officer; and Amy Rubel, Vice President of Operations. He then asked the members of the Grow Greene County Development Corporation to stand.

Mr. Timmons thanked the Commission for the opportunity to present their project and show why a gambling license would be a game changer for Greene County, and the west central region that includes the counties of Carroll, Boone, Calhoun, Guthrie, Dallas, and Webster. He stated the proposed casino would generate 325 jobs; include a full-service business/tourism hotel and an event center for conferences, meetings and live entertainment. The referendum passed with a 75% approval margin, the highest approval in Iowa history for a first-time gaming referendum. Wild Rose Jefferson, LLC has signed an Operating Agreement with Grow Greene County Gaming Corp. that will distribute 5% of the annual gaming revenue for projects and charities in Greene County as well as the surrounding counties. Mr. Timmons pointed out that Wild Rose has been licensed in Iowa since 2005 and currently operates two casinos; Wild Rose Clinton was the first true land-based casino.

Mr. Timmons stated the project evolved over several months; that it is a true community-wide and community-driven project. At this time, a video was shown where various members of the community spoke about how the casino proposal was conceived.

Mr. Timmons advised Wild Rose Entertainment was approached by Kim Reuter about what was required to obtain a casino license. They provided him with a list, and indicated the most important issue was whether the community and Greene County would support a casino. Mr. Reuter solicited help from a variety of individuals around the county. On June 3, 2013, the Greene County Board of Supervisors passed a resolution publicly supporting the casino-entertainment complex; the mayor of Jefferson signed a similar resolution eight days later. Members of the community started doing their own fact-finding missions about Wild Rose Entertainment, and a bus tour was organized to the Emmetsburg facility. Mr. Timmons pointed out the most honest assessment of any business and its value to a community is best defined not by what the company says about itself, but what others have to say. Wild Rose hoped those on the tour would come away believing Wild Rose has become the state's expert in running county seat town casinos. Mr. Timmons stated they see this as a niche for them, they are good at it, and have established a successful track record. He advised the company has been able to forge good solid relationships within the two communities where they operate. Another video was shown.

Kate Neese, a member of Grow Greene County Gaming, advised that Jefferson and Greene County are similar to other rural Iowa counties and that 95% of the county is cropland. She noted it is the beneficiary and victim of advances and efficiencies in agriculture. The farms are more productive due to bigger machinery, seed genetics and technology; meaning fewer people are needed in order to produce more. While this is not a new problem for small rural counties, the manner in which Greene County has tackled the issue has allowed them to take advantage of the changing world via instant communications and world-wide markets. Ms. Neese stated that Greene County is home to some of the state's most successful manufacturing operations representing a broad cross-section of companies that are making an impact locally, nationally, and internationally. She provided several examples, noting that one company received the Iowa Tourism Business of the Year in 2013. Another short video was shown.

Mr. Timmons stated that economic transformation has been a cornerstone of the gaming industry. Since opening Emmetsburg in May 2006, Wild Rose has distributed over \$13.5 million in funds for community causes and projects; brought new businesses and industry to Palo Alto County and increased the amount of tourism and entertainment dollars. He pointed out that Greene County has a number of similarities with Palo Alto, such as the spirit of the local people, the size of the market, the need for facilities and entertainment venues and the local support. Mr. Timmons stated Wild Rose Jefferson will be able to take advantage of new innovations in design, air quality, technology and safety that have occurred since Emmetsburg was built. He advised that Wild Rose has optioned a piece of ground at the intersection of Iowa Highway 4 and U.S. Highway 30, one of the most heavily traveled non-interstate roads in the state. Mr. Timmons stated the facility will attract, not detract, from the natural beauty of Greene County. He indicated they have selected DLR Group as the architect, which they believe is one of the best in casino-entertainment complex design. Mr. Timmons pointed out they have an Iowa

office and have built some of the best gaming resorts in the country. He turned the floor over to Chris Osore and Ed Wilms from DLR Group.

Mr. Osore stated the company is really excited to work on the project. He stated the edifice of the facility will create a welcoming environment with ample parking that is well-lit and accessible. They are also taking future development at the site into consideration; as well as sustainability strategies such as solar, vegetation and natural grasses. Ms. Osore advised there will be two points of access to the facility, which will have a glass front. He stated the various amenities will be located along the front glass promenade, starting with the Iowa store. He then moved to the site plan, and indicated the casino floor would be surrounded by the back of house area. The facility will include a bar and restaurant, a central bar, a fine dining restaurant, a sports bar, and an event center which will hold 1,000 standing or 400 seated. There is also the potential for a stage for various events. There will be a 71-room hotel, which they feel is adequately sized for the facility.

Mr. Wilms showed some slides setting forth some of the interior environment they foresee for the property – rich in natural materials, wood, stones and lots of opportunity for dramatic lighting. They are also looking at different environments for the event center, and hotel, which will be run by a third-party operator. Mr. Wilms stated the proposed facility is appropriately sized and fits well in the community.

Mr. Timmons stated Wild Rose is projecting the facility will cost approximately \$40 million, and create 325 jobs, 275 of which will be full time. This would make them Greene County's second largest employer when it opens. It is expected to create 150 construction jobs during the 12-13 month construction phase. Mr. Timmons stated the proposed facility would pay approximately \$7 million in salaries and benefits that would include health, dental, vision and a 401(k) plan.

Mr. Timmons stated they have committed financing lined up with Dubuque Bank and Trust and Bankers Trust, both Iowa banks and currently have the financing for Emmetsburg and Clinton. He advised they have worked out terms that allow them to refinance Emmetsburg and Clinton and have all of their financing in one package.

Mr. Timmons then provided additional information regarding the proposed facility. It will include a sports bar, Coaches Corner, that will have interactive games; an event center that will hold 800-900 for a concert or 500-600 for a sit-down meal. He stated out-lots on the site will be developed for other local and regional businesses. The hotel is projected at approximately \$5.3 million with 71 rooms. The hotel, to be constructed and operated by BriMark, will be financed by BriMark and local investors. Mr. Timmons stated BriMark was already involved in a hotel project in Jefferson with the seed money provided by local investors. He advised that BriMark and Wild Rose have joined forces to provide a full entertainment package that includes overnight accommodations, restaurants, gaming, retail and much more. As a result of the two parties joining forces, the hotel will be bigger and better than originally planned. Mr. Timmons turned the floor over to Jeremy Briesbach, Vice President of Development for BriMark.

Mr. Griesbach stated BriMark is based out of Neenah, Wisconsin, and have developed over 35 hotels in the last 5 years, most of them under the brand of Cobblestone Hotels. They currently have five properties in Iowa, with one each under construction in Avoca and Fort Dodge. He noted they did a project in Marquette, but it is not connected to the casino. The hotel will offer a free hot breakfast, free wi-fi, flat screen televisions, and pillow-top mattresses. Mr. Griesbach stated BriMark is excited to take the project from a 36-room, 2-story hotel to a 71-room, 3-story hotel and be part of the event center and casino.

Ms. Neese stated the hotel and events center are key components of the project; as Greene County currently lacks facilities for lodging, entertaining and celebrating. The casino/entertainment complex has a vital role in the county's growth plan as it will provide a venue for meetings and celebrations, and restaurants. She stated the facility will complement their outdoor recreational lifestyle amenities and small-town values. Ms. Neese stated the area has been successful recently in attracting some of the area's young people back to the area. Another short video was played.

Mr. Timmons stated the enthusiasm shown in the previous video reflects the optimism for the project; he noted the project is community-centered and community-driven. He pointed out that no previous special election in Greene County has garnered such a large turnout or victory – 75.1 percent voted yes. Mr. Timmons stated Wild Rose and the gaming industry are welcome and wanted in Greene County.

Following another short video, Mr. Timmons advised that no other industry brings the money, entertainment and tourism to a region like gaming. He noted state-regulated casinos are required to invest a minimum of 3% of their adjusted gaming revenues (AGR) in the local community; Wild Rose will be distributing 4.1% of their AGR to Grow Greene County. The project received support from counties bordering Greene County which Wild Rose feels is valuable on many levels: 1) the organic community-driven support for the project is contagious; 2) it shows that none of us live in a bubble; and 3) the transformation from local to regional adds a new dimension to the project and license application. As a result of the additional support, Wild Rose increased their charitable distribution to 5% of AGR with up to 20% of the grant money being available to communities and organizations in Carroll, Boone, Guthrie, Calhoun, Webster and Dallas counties.

Mr. Timmons stated he had not had an opportunity to sit and review the studies extensively, but noted he has been involved in the gaming industry for the past 25 years and has sat through numerous presentations. He pointed out the studies completed prior to the Commission issuing the license to Lyon County indicated that facility would cause Emmetsburg to see a 5-6% decline in revenue. Mr. Timmons stated Wild Rose did not speak out against the license, Lyon County opened, and the Emmetsburg property has seen a 7-8% increase in their revenues. He stated Wild Rose would not open one facility to the detriment of one of their own casinos or any other casino. In his opinion there are a lot of similarities between 2010 and now. Mr. Timmons concluded the presentation by providing the following reasons the project should receive Commission approval:

- Promotes growth – green and Greene growth in the county and the region;
- Economically viable and valuable;
- Overwhelming community and regional support; and
- The project will not undermine the operational structure or success of any other Iowa casino.

The presentation concluded with another short video with residents addressing why the Commission should approve the project.

Chair Lamberti thanked Wild Rose for the presentation, noting the Commission does not normally ask questions at this time; that will occur when they travel to Jefferson for the site visit.

Chair Lamberti moved to the excursion gambling boat and gambling structure license renewals, and called on Iowa West Racing Association (IWRA)/Ameristar Casino Council Bluffs, Inc. d/b/a Ameristar Casino Council Bluffs (Ameristar).

Pete Tulipana, Executive Director of IWRA, stated their relationship with Ameristar and Harrah's has been excellent, and is impressed with the cooperation shown by both to IWRA. He stated that in addition to the fees paid to IWRA both properties are major employers within the community, as well as active community partners. Mr. Tulipana stated IWRA recently surpassed the mark of distributing over \$300 million in grants since its inception in 1986. Two of their recent grants were \$5.5 million for the Tom Hanafan Rivers Edge Park, and a \$7 million gift, \$3.5 million from IWRA plus \$3.5 million from another area foundation, to build the largest YMCA in the region. Mr. Tulipana concluded his remarks by requesting the Commission's approval of the license renewal applications for Ameristar and Harrah's.

Monty Terhune, General Manager for Ameristar, concurred with Mr. Tulipana's remarks regarding the relationship between the entities, indicated they are happy with Mr. Tulipana, and is happy to be a part of the community. He indicated the property is happy to be hosting the Commission meeting in April to provide an opportunity for the Commission to see the changes since they were there last. Mr. Terhune requested approval of the license renewal application and the following contracts as submitted:

- Liberty Fruits – Fruit Provider
- Scavuzzo's, Inc. – Food Provider

Hearing no comments or questions concerning the license renewal or contracts, Chair Lamberti requested a motion. Commissioner Heinrich moved to renew the license to conduct gambling games to IWRA and renew the license to operate Ameristar Casino Council Bluffs, Inc. d/b/a Ameristar Casino Council Bluffs as an excursion gambling boat that will not cruise, the additional contracts as submitted, and conditioned upon continuous monitoring and updating of the submitted security plans in cooperation with IRGC staff. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on IWRA/Harvey's Iowa Management Company, Inc. d/b/a Harrah's Council Bluffs Casino and Hotel. Bo Guidry, General Manager, concurred with Mr. Terhune's comments regarding IWRA, advising they have a fantastic relationship with IWRA and look forward to continuing it for many years to come. Mr. Guidry requested approval of their license renewal application and the following contracts as submitted:

- D&B Construction, Inc. – Construction Work
- Interblock USA – Lease of Electronic Table Games

Hearing no comments or questions concerning the license renewal or contracts, Chair Lamberti requested a motion. Commissioner Heinrich moved to renew the license to conduct gambling games to IWRA and renew the license to operate Harvey's Iowa Management Co., Inc. d/b/a Harrah's Council Bluffs Casino & Hotel as a gambling structure, the additional contracts submitted, and conditioned upon continuous monitoring and updating of the submitted security plans in cooperation with IRGC staff. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Washington County Riverboat Foundation, Inc. (WCRF) and Riverside Casino & Golf Resort, LLC d/b/a Riverside Casino & Golf Resort. Dan Franz, General Manager, and Patty Koller, President of WCRF, were present to request renewal of their gaming license. Mr. Franz stated that since Riverside opened, they have contributed over \$180 million in taxes and wages to the state of Iowa; and created 750 jobs with an annual payroll of approximately \$21 million. He noted they have expanded their employee volunteer program; over 113 employees logged in excess of 7,700 volunteer hours during 2013, which was a significant increase over 2012. Some of the events employees are involved in throughout the various communities are Kids Against Hunger; the facility also sponsors, and employees ride, a bike ride for the diabetes association. Mr. Franz stated the facility has a great partnership with WCRF, and they should be commended for all they do throughout eastern Iowa. He turned the floor over to Ms. Koller.

Ms. Koller stated a lot of good has come about as a result of the funds donated through WCRF since 2004. She advised WCRF distributed \$5,704,000, with many of grants awarded to organizations outside Washington County. She provided some highlights: \$52,000 for an Eastern Iowan honor flight from Cedar Rapids; \$81,000 to a Catholic Church in Mills; \$38,000 to replace a gymnasium floor in Keota; \$100,000 for equipment for the new Kirkwood College Regional Center; \$36,000 to restore stained glass windows in a historic building in Sigourney; \$250,000 for a new fire truck in Kalona; \$10,000 to the GIVE Foundation for their annual golf event; \$100,000 to upgrade patient rooms at the Washington Co. Hospital, \$2.5 million to build an auditorium at the Washington High School. She noted there are many smaller grants, but they mean just as much to their organizations. Ms. Koller stated WCRF is being a good steward of the funds they receive by taking care of needs in Washington County, but sharing it with others in Eastern Iowa. Ms. Koller thanked the Commission for the opportunity to continue their good works into the future.

Mr. Franz requested renewal of the gaming license through 2015.

Hearing no comments or questions, Chair Lamberti requested a motion. Commissioner Heinrich moved to renew the license to conduct gambling games to WCRF, Inc. and renew the license to operate Riverside Casino & Golf Resort, LLC d/b/a Riverside Casino & Golf Resort as a gambling structure conditioned upon continuous monitoring and updating of the submitted security plans in cooperation with IRGC staff. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti advised those in attendance the motions were referencing the submitted security plans as a result of a legislative change in the Division of Criminal Investigation's presence at the facilities. He stated the Commission is working with all of the facilities on the implementation of the plans. Chair Lamberti indicated the Commission takes security very seriously and wants them to be up to Commission standards, which is why they are included in the motions this year.

Chair Lamberti called on Black Hawk County Gaming Association (BHCGA) and IOC Black Hawk County, Inc. d/b/a Isle Casino Hotel Waterloo. Tim Hurley, Chairman of BHCGA, advised they have a great relationship with Isle that is based on mutual trust and a common vision. He noted BHCGA receives 5.75% of AGR; during the past 12 months they have awarded \$2.9 million to 37 projects in 16 municipalities in Black Hawk and six surrounding counties. Mr. Hurley stated the funds would total \$3.9 million if the 25% of the 5.75% that goes to the Waterloo Development Corporation for the redevelopment downtown Waterloo was included. He indicated funds were granted for new lighting at the public library, an outdoor entertainment center for the Waterloo African American Museum, fire and rescue equipment for Dunkerton, a score board at the Junior High School, a cabinet project at Union Park in Tama, vehicle protective cages for the Hampton Police Department, and a second hand store in Chickasaw County that benefits handicapped citizens. Mr. Hurley stated he received a call from the mayor of Waterloo inquiring if BHCGA could participate in a fund he was trying to put together in response to a number of elderly and lower income citizens that were impacted by frozen water pipes. He noted some had been without water for 4-5 weeks; the Executive Council approved the distribution and BHCGA will be giving \$125,000 to the effort which covers a seven county area. Mr. Hurley stated that since 2005 BHCGA has awarded over \$30 million to 300 different projects, which has leveraged another \$60 million. He stated BHCGA only funds about one-third of any project. Regarding the 25% that goes to the Waterloo Development Corporation, Mr. Hurley stated there is growing momentum; he referenced the opening of the \$26 million Cedar Valley Sports Plex. There are currently 800 memberships, well on the way to the 1,000 needed in order to be sustainable. Mr. Hurley stated BHCGA is about public places and spaces. He concluded his remarks by stating the promises BHCGA made in the past to the Commission are being fulfilled. He requested the renewal of their license.

Grant Gubbrud, Senior Director of Finance, stated Isle Casino Hotel Waterloo has a good relationship with BHCGA. He requested approval of the license renewal and the contract submitted with Wheaton Franciscan Healthcare-Iowa, Inc. for a team member health clinic.

Hearing no comments or questions regarding the license renewal or contracts, Chair Lamberti requested a motion. Commissioner Heinrich moved to renew the license to conduct gambling

games to BHC GA and renew the license to operate IOC Black Hawk County, Inc. d/b/a Isle Casino Hotel Waterloo as a gambling structure, the additional contract submitted, and conditioned upon continuous monitoring and updating of the submitted security plans in cooperation with IRGC staff. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Worth County Development Authority (WCDA) and Diamond Jo Worth, LLC d/b/a Diamond Jo Worth. Kim Pang, General Manager, introduced Dean Hendriksen and Deb Hanson, the newly elected president and Chief Financial Officer of WCDA respectively. Mr. Pang requested approval of the license renewal on behalf of the 426 team members. He stated Worth County's story is interesting, particularly the impact the casino has had in the county: payroll and benefits total \$12.5 million; taxes to the State of Iowa total \$19.5 million; approximately 97% of the goods and resources utilized at the property are from Iowa companies; and 2013 contributions to WCDA were about \$5 million, or a total in excess of \$29 million since the facility opened in 2006. He turned the floor over to Ms. Hanson.

Ms. Hanson thanked the Commission and staff for the work they do for the State of Iowa and the rural areas. She thanked Mr. Pang and the staff for their work at the Diamond Jo, stating they are great partners. Ms. Hanson distributed a packet containing a compilation of what WCDA has done over the past year. She requested approval of the license for another year.

Mr. Pang presented the following contracts for Commission approval:

- Gasser Chair Company, Inc. – Slot Chairs
- Tai Ping Carpet Americas, Inc. – Casino Carpeting

Hearing no comments or questions concerning the license renewal or contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to renew the license to conduct gambling games to WCDA and renew the license to operate Diamond Jo Worth, LLC d/b/a Diamond Jo Worth as a gambling structure, the additional contracts submitted, and conditioned upon continuous monitoring and updating of the submitted security plans in cooperation with IRGC staff. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Lamberti called on Scott County Regional Authority (SCRA) and Isle of Capri Bettendorf, L.C. d/b/a Isle Casino Hotel Bettendorf (IOCB). Nancy Ballenger, General Manager, stated their non-profit partner was unable to present. She advised SCRA distributed over \$2 million in the community last year, and have distributed approximately \$70 million since 1991. Grants focus on education, the non-profit segment, and the governmental segment. Ms. Ballenger touched on the facility's partnership with the City of Bettendorf in the Waterfront Convention Center, which combined with the 514 hotel rooms, enables them to attract some different types of meetings in Iowa. She stated they are excited to welcome back the John Deere World-wide Leadership meeting, which brings in 325 of their top leaders from around the world. Ms. Ballenger also mentioned IOCB's Community Aces program; last year over 230 employees volunteered throughout the community. She advised that one of the employees has started a non-profit to

help youth within the community. Ms. Ballenger requested approved of the license renewal application and the following contracts:

- Medical Associates of Clinton – Operate an On-Site Medical Clinic
- 7G Distributing, LLC – Alcoholic Beverage Distributor

Hearing no comments or questions relating to the license renewal or contracts, Chair Lamberti requested a motion. Commissioner Kramer moved to renew the license to conduct gambling games to SCRA and renew the license to operate Isle of Capri Bettendorf, L.C. d/b/a Isle Casino Hotel Bettendorf as an excursion boat that will not cruise, the additional contracts as submitted, and conditioned upon continuous monitoring and updating of the submitted security plans in cooperation with IRGC staff. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Riverboat Development Authority (RDA) and Rhythm City Casino, LLC d/b/a Rhythm City Casino. Mary Ellen Chamberlin, President of RDA, requested the Commission's approval of the license renewal application. She thanked the Commission for their support as the facility goes land-based over the next year. She turned the floor over to Dan Kehl, Chief Executive Officer, of Rhythm City Casino.

Mr. Kehl introduced the new general manager for the facility, Mo Hyder. He advised that Mr. Hyder started his career in gaming in 1991 at The President Casino, moved to Prairie Meadows Racetrack & Casino to help open the first racino in 1995, moved back to the Isle of Capri in 2001 to serve as the General Manager for the Bettendorf and Davenport properties, and left the state briefly in 2013. Mr. Kehl stated it is great to have him back in Iowa and the Quad Cities area as a general manager.

Mr. Hyder stated it is a pleasure to be back in Iowa. He stated that as the property was transitioned just over a month ago, the facility was closed for a few days to change out the systems. He advised the grand opening reception was incredible, not only from a customer standpoint, but the community as well. Mr. Hyder stated there was a tremendous presence from the local officials and business community leaders. He indicated there is a renewed sense of energy among the employees and the residents of the community. Everyone is very excited about the facility going land-based. Mr. Hyder requested approval of the license renewal application.

Hearing no comments or questions concerning the license renewal application, Chair Lamberti requested a motion. Commissioner Kramer moved to renew the license to conduct gambling games to RDA and renew the license to operate Rhythm City Casino, LLC d/b/a Rhythm City Casino as an excursion boat that will not cruise and conditioned upon continuous monitoring and updating of the submitted security plans in cooperation with IRGC staff. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Lamberti called on Dubuque Racing Association (DRA) and Diamond Jo, LLC d/b/a Diamond Jo Casino. Wendy Runde, General Manager, introduced Dustin Manternach, Chief

Financial Officer for DRA. Mr. Manternach stated Diamond Jo is a great partner, and contributed approximately \$3 million to DRA in 2013. The funds were distributed to 163 non-profit organizations in Dubuque and the surrounding area. To date, DRA has received approximately \$25 million from the Diamond Jo during the partnership. Mr. Manternach stated DRA is looking forward to the continuation of the partnership.

Ms. Runde stated it is a pleasure and privilege to do business in the State of Iowa. She noted that millions of visitors have been welcomed through the doors over the past two decades, allowing them to have an important economic impact in the communities. Ms. Runde advised that in 2013, \$49.6 million, or 97.4%, of the goods and services purchased were from Iowa businesses, and they remain committed to supporting local businesses. She noted that in addition to the funds distributed to DRA, they also distributed over \$19 million in taxes to the State of Iowa and local government agencies. Ms. Runde stated they are looking forward to another great year of partnerships in 2014, and requested approval of the license renewal application. She presented a contract with Giese Roofing Company for preventative maintenance of the HVAC system.

Hearing no comments or questions relating to the license renewal application or contract, Chair Lamberti requested a motion. Commissioner Kramer moved to renew the license to conduct gambling games to DRA and renew the license to operate Diamond Jo, LLC d/b/a Diamond Jo Casino as a gambling structure, the additional contract submitted, and conditioned upon continuous monitoring and updating of the submitted security plans in cooperation with IRGC staff. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti called on Lyon County Riverboat Foundation, Inc. (LCRF) and Grand Falls Casino Resort, LLC d/b/a Grand Falls Casino Resort (GFCR). Sharon Haselhoff, General Manager, and Jeff Gallagher, President of LCRF, requested the Commission's support of their license renewal application. Ms. Haselhoff advised 2013 gaming revenue was over \$58 million, a slight increase over 2012. Construction of the golf course is continuing, and it is hoped the course will be open by late summer. She stated that since opening the facility has contributed in excess of \$32.5 million in taxes to the State of Iowa, and created 500 jobs with payroll and benefits totaling over \$14 million annually. Ms. Haselhoff turned the floor over to Mr. Gallagher.

Mr. Gallagher thanked the Commission for the opportunity to work with GFCR over the last two years. During that time, GFCR has given almost \$5 million to LCRF; \$1.2 million has gone to the three public school systems in Lyon County; another \$1.2 million has been distributed to the various cities and Lyon County to help ease operating budgets, and \$3 million has been distributed through grants to non-profits throughout Lyon County to improve the quality of life of area residents. Some examples are a new fire station in Larchwood, a community center in Lester, a swimming pool and a daycare. He noted they also provided cameras to the Sheriff's Department. He requested approval of the license renewal application.

Hearing no comments or questions relating to the license renewal application, Chair Lamberti requested a motion. Commissioner Mertz moved to renew the license to conduct gambling games to LCRF, Inc. and renew the license to operate Grand Falls Casino Resort, LLC d/b/a

GFCR as a gambling structure, the contracts contained within the license renewal application, and conditioned upon continuous monitoring and updating of the submitted security plans in cooperation with IRGC staff. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Clarke County Development Corporation (CCDC) and HGI-Lakeside, LLC d/b/a Lakeside Hotel Casino (Lakeside). Doug Gross, legal counsel for CCDC, advised CCDC is still only receiving 1.5% when the statutory minimum is 3%, and the parties have been engaged in discussions for quite some time to get the matter corrected. He noted the parties had entered into a Memorandum of Understanding last summer which indicated that if the property were sold the payment to CCDC would increase to 3%. HGI contested that, and the parties are now in litigation, which is scheduled for trial in January 2015. Mr. Gross stated CCDC is hopeful that if there is a change in ownership at the facility the Commission will insist on payment of the statutory 3% minimum.

Jim Quilty, legal counsel for HGI-Lakeside, concurred there is some active litigation. He stated he is aware the Commission is frustrated with this issue, as is HGI. Mr. Quilty noted the issue has been ongoing for a number of years and while the principals involved have changed; the issues have not. He stated they continue to try and resolve the matter. Mr. Quilty requested the Commission's approval of the license renewal application.

Chair Lamberti called for any comments or questions. Commissioner Heinrich asked if Mr. Quilty was stating that nothing was going to happen until the court date. Mr. Quilty stated he wouldn't say that; however, he noted this is the third version of a court case. The parties have hit a logjam, but keep trying. He indicated they would keep trying to come up with a win-win resolution, but do have a defined court date at this time in the event they don't get there.

Commissioner Heinrich stated the issue, as he understands it, is the percentage paid to CCDC. He noted there are likely many factors, and that he is not aware of all of them. He stated that he is having trouble seeing the problem. Mr. Quilty stated he understood Commissioner Heinrich's frustration; HGI is frustrated as well. HGI thought they had clarity at the conclusion of the mediation; that they were communicating on the same level in terms of the starting percentage of 2.5%, which is what HGI believes they pay CCDC today. Mr. Quilty stated this is where the misunderstanding lies and the parties have not found a way to resolve the matter at this time.

Mr. Gross stated CCDC is hopeful that a change of ownership would occur, which they feel is the best chance of resolving the matter.

Commissioner Heinrich asked for clarification of the problem in coming to an agreement. Mr. Gross stated the parties have a difference of opinion. The parties participated in mediation, an agreement was reached and both parties signed it. The agreement states that upon a sale of the property, the new buyer would pay CCDC the statutory minimum payment of 3% of annual gaming revenue. It is HGI's position that the agreement states 2.5%.

Hearing no further comments or questions, Chair Lamberti requested a motion. Commissioner Arnold moved to renew the license to conduct gambling games to CCDC and renew the license to operate HGI-Lakeside, LLC d/b/a Lakeside Hotel Casino as a moored barge, the contracts contained within the license renewal application, and conditioned upon continuous monitoring and updating of the submitted security plans in cooperation with IRGC staff. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti called on Southeast Iowa Regional Riverboat Commission (SIRRC) and Catfish Bend Casinos II, LLC d/b/a Catfish Bend Casinos II (CBC). Rob Higgins, General Manager, stated they are looking forward to hosting the Commission in June; and advised they have made approximately \$3 million in renovations to the Fun City entertainment complex, indoor water park and Pzazz Hotel. They anticipate spending approximately \$400,000 this year to upgrade the slot floor. Mr. Higgins introduced Gary Hoyer, Chief Executive Officer, and Steve Staebell, President of SIRRC.

Mr. Staebell advised SIRRC is a regional commission with three representatives from Keokuk, Ft. Madison and Burlington. He stated SIRRC has received more than \$1.2 million from CBC in 2013. Funds distributed to Keokuk are targeted to the Keokuk Convention and Tourism program to increase tourism; funds are also provided for public safety. In Ft. Madison, SIRRC funds are utilized to provide specific grants for a variety of organizations; a new playground at Lincoln Elementary School, the YMCA is providing new programs and there are capital improvements being made for the Tri-State Rodeo. In Burlington, the funds are channeled through Grow Greater Burlington for economic development. The funds aid in recruiting and retaining businesses in the community. Mr. Staebell stated none of the above would be possible without the partnership SIRRC enjoys with CBC. He stated SIRRC is proud to partner with CBC, and requested the approval of the license renewal application.

Hearing no comments or questions regarding the license renewal application, Chair Lamberti requested a motion. Commissioner Arnold moved to renew the license to conduct gambling games to SIRRC and renew the license to operate Catfish Bend Casinos II, LLC d/b/a CBC II as a gambling structure conditioned upon continuous monitoring and updating of the submitted security plans in cooperation with IRGC staff. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Clinton County Development Association (CCDA) and Wild Rose Clinton, L.L.C. d/b/a Wild Rose Clinton. Amy Rubel, Vice President of Operations and Marketing for Wild Rose Entertainment, introduced Gus Linke, Interim General Manager in Clinton, and Travis Dvorak, Assistant General Manager in Emmetsburg.

Mr. Linke advised the non-profit was unable to attend today's meeting. He requested the Commission's approval of the license renewal application, and submitted the following contracts for approval:

- WMS Gaming – Purchase 6 new WMS Blue Bird Machines
- Spielo International – Purchase 6 new Slot Machines

Hearing no comments or questions regarding the license renewal application or contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to renew the license to conduct gambling games to CCDA and renew the license to operate Wild Rose Clinton, L.L.C. d/b/a Wild Rose Clinton as a gambling structure, the contracts contained within the license renewal application, the additional contracts submitted, and conditioned upon continuous monitoring and updating of the submitted security plans in cooperation with IRGC staff. Commissioner Arnold seconded the motion, which carried unanimously.

Chair Lamberti called on Palo Alto County Gaming Development Corporation (PACGDC) and Wild Rose Emmetsburg, L.L.C. d/b/a Wild Rose Emmetsburg. Don Miller, President of PACGDC, stated they are very happy to be working with Wild Rose. Wild Rose has helped them exceed the economic development goals for the area. Mr. Miller advised they distributed \$1.9 million in grants on Sunday, March 2nd. He requested approval of the license renewal application.

Mr. Dvorak requested approval of the license renewal application, and submitted the following contracts for Commission approval:

- Spielo International – Equipment and Game Leases
- Buhrow Construction – Maintenance Building

Hearing no comments or questions relating to the license renewal application or contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to renew the license to conduct gambling games to PACGDC and renew the license to operate Wild Rose Emmetsburg, L.L.C. d/b/a Wild Rose Emmetsburg as a gambling structure, the additional contracts submitted, and conditioned upon continuous monitoring and updating of the submitted security plans in cooperation with IRGC staff. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on Upper Mississippi Gaming Corporation (UMGC) and Isle of Capri, Marquette, Inc. d/b/a Lady Luck Casino Marquette. Don Oster, General Manager, advised that Sindee Gohde, Executive Director of UMGC, was unable to attend, and shared some comments from her. He stated the partnership started with a simple vision, and today Lady Luck is one of Clayton County's largest employers. He advised that team members donated over 4500 hours of volunteer services to the community through the fire department, emergency response teams, coaching youth sports, and volunteering on community boards. Mr. Oster stated they are fortunate to see non-profits in the county continue to make Clayton County a more feeling and beautiful place through grants made possible by UMGC. He stated that \$4.8 million has been distributed back into Clayton County through the partnership. He requested renewal of the license application in order to continue to benefit the residents of Clayton County.

Commissioner Heinrich stated it was nice to hear about the cooperation between the non-profit and the operator from the licensees, except for one.

Hearing no further comments or questions, Chair Lamberti requested a motion. Commissioner Arnold moved to renew the license to conduct gambling games to UMGC and renew the license to operate Isle of Capri, Marquette, Inc. d/b/a Lady Luck Casino Marquette as an excursion boat that will not cruise conditioned upon continuous monitoring and updating of the submitted security plans in cooperation with IRGC staff. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti moved to the contract approvals, and called on SCE Partners, LLC. Todd Moyer, General Manager, presented the following contracts for Commission approval:

- Ainsworth Game Technology – Slots
- Aristocrat Technologies, Inc. – Slots and Casino Management System
- Bally Technologies – Slots
- Buzz Creative Group, LLC – Marketing Agency of Record (RP)
- Computer Cable Connection – Low Voltage Cable
- CSI – IT Networking Hardware and Software
- Cummins Allison Corporation – Cage, Count, and Cash Handling Equipment
- Electronic Communications Iowa – Surveillance Cameras and System
- En Pointe Technologies Sales – IT Servers
- Gasser Chair Company – Casino Chairs
- Hockenbergs Equipment and Supply – Kitchen Equipment
- IGT – Slots
- Illuminating Concepts – Architectural and Exterior Lighting
- Incredible Technologies, Inc. – Slots
- B2B Computer Products, LLC – IT Hardware and Software
- Knoepfler Chevrolet – Company Vehicles
- Konami Gaming, Inc. – Slots
- Micros Systems, Inc. - Point of Sale and Property Management Systems
- Midwest Casino Supply – Interior and Exterior Signage
- Multimedia Games, Inc. – Slots
- Pepsi Cola Bottling Siouxland – Soft Drink Supplier
- Perkins Office Solutions – Office Furniture
- Purchasing Management International – Procurement and Purchasing
- PSX Audio Visual Worldwide – Audio-Visual Equipment
- Rapids Wholesale – Kitchen Smallwares
- Ulster Carpet Mills (North America) – Carpet Manufacturer
- VSR Industries – Slot Base Supplier
- WMS Gaming – Slots
- Young Electric Sign Company – Slot Signage

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contracts as submitted by SCE Partners, LLC. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti called on Prairie Meadows Racetrack & Casino (PMR&C). Gary Palmer, General Manager, presented the following contracts for Commission approval:

- AT&T Mobility – Cellular Phone Service Provider
- Brewer Meats, Inc. – Meat Supplier
- C&T Design-Iowa Branch – Food Service Equipment & Design Services
- Cameron Mitchell, Inc. – Concrete Replacement and Construction
- Cameron Mitchell, Inc. – Concrete Replacement and Construction
- Casey's General Stores – Miscellaneous Purchases
- Chubb Group Insurance (Federal Insurance) – Various Insurance Coverages
- Frank W. Berlin and Associates – Insurance Broker, Various Coverages
- Giesecke & Devrient America, Inc. – Cash Handling Equipment
- Giesecke & Devrient America, Inc. – Cash Handling Equipment
- Global Payments – Casino Guest Check Cashing Services
- Global Spectrum, L.P. – Suite License and Advertising Agreements
- Great Midwest Seafood Co. – Food Products
- Halvorson Trane – Ventilation Equipment Parts and Service
- Halvorson Trane – Ventilation Equipment Parts and Service
- Hasler, Inc. – Mailing Equipment, Lease
- Health Solutions, LLC – Employee Wellness Program
- Hockenbergs Foodservice Equipment – Food Service Equipment and Supplies
- Infomax Office Systems – Printing Equipment Lease and Maintenance
- Iowa Des Moines Supply – Food, Beverage and Housekeeping Supplies
- Lowes, Inc. – Building and Maintenance Supplies
- Mechdyne Corporation – Audio-Visual Supplies and Service
- Multimedia Games – Gaming Equipment and Supplies
- Nalco Company – Water Treatment Chemicals and Equipment
- OMG Midwest – Dirt, Sand and Paving Materials for Maintenance
- Reinhart Food Service – Food, Equipment and Supplies
- SHI International – Various Specialized Computer Software and Backup Support
- Shive-Hattery, Inc. – Engineering Services
- Shuffle Master, Inc. – Gaming Equipment, Supplies and Software
- Spielo International USA, LLC – Gaming Equipment and Supplies
- Sportech, Inc. – Pari-Mutuel Wagering Totalisator
- Sysco Guest Supply – Hotel Supplies
- Travelers Indemnity Company – Liability Insurance
- Triplett Office Solutions – Office Supplies
- True North Companies – Insurance Brokerage Services
- Underground Company – Track Drainage Repair Contractor
- USA Security Iowa – Surveillance Products and Services
- Waldinger Corporation – Mechanical and Electrical Contractor
- Waste Management – Waste Disposal Services

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by PMR&C. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on IWRA/Horseshoe Casino. Tina Eick, legal counsel, submitted the purse supplement reconciliation for 2013 as provided for in the purse agreement for Commission approval.

Hearing no comments or questions, Chair Lamberti requested a motion. Commissioner Arnold moved to approve the purse supplement reconciliation as submitted by IWRA/Horseshoe Casino. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti moved to the contracts. Ms. Eick presented the following contracts for Commission approval:

- Ainsworth Gaming Technology – Slot Machine Purchases
- Alpha Video and Audio – Video and Equipment Upgrade
- Commonwealth Electric Co. – Emergency Installation of Electrical Lines
- EGADS (Electronic Gizmos and Displays Sys.) – Slot Signage
- Electric Co. of Iowa – Wiring in Casino and Administrative Offices
- Flynn Wright – Advertising

Hearing no comments or questions regarding the contracts, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the contracts as submitted by Horseshoe Casino. Commissioner Kramer seconded the motion, which carried unanimously.

Chair Lamberti called on DRA d/b/a Mystique Casino regarding the 45-day plan for the upcoming live race meet. Mr. Manternach requested approval of the 45-day plan as submitted. Brian Carpenter, Director of Racing, was present to address any questions.

Hearing no comments or questions related to the 45-day plan, Chair Lamberti requested a motion. Commissioner Mertz moved to approve the 2014 season approvals, including the Fourth Amendment to the DRA/Iowa Greyhound Association agreement as submitted. Commissioner Heinrich seconded the motion, which carried unanimously.

Chair Lamberti moved to the contracts submitted by DRA. Mr. Manternach presented the following contracts for Commission approval:

- Alpha Video – Upgrade Current Audio/Video Display System
- Giese Sheet Metal – Replacement of 3 Rooftop Units
- Global Payments Gaming Services, Inc. – Cash Advance Processing Agreement
- Premier Linen – Linen & Uniform Rental (RP)

Hearing no comments or questions concerning the contracts, Chair Lamberti requested a motion. Commissioner Kramer moved to approve the contracts as submitted by DRA. Commissioner Mertz seconded the motion, which carried unanimously.

Chair Lamberti moved to Public Comment. Doug Gross, representing Cedar Rapids Development Group, stated they have not had an opportunity to completely review the studies, and just heard what they heard today for the first time. He noted the market studies are about one factor the Commission has to consider when making a licensing decision. Mr. Gross stated he was astounded and confounded when the studies came out about the degree to which they differ from previous studies. He noted one showed a 466% higher impact on Riverside than the study done for CDRG and performed by an individual who has the most experience in Iowa and has the best track record in terms of accuracy. He indicated the same study shows a 35% higher impact than a study Dan Kehl had done, which assumed about 20% more gaming positions than Cedar Rapids is actually proposing to have. He wondered how this could occur; and stated that while listening to the presentations today he heard both presenters indicate they had “perfect data”. Mr. Gross stated that if both had “perfect data” they would come to the same conclusion, but there is a 15% difference between the two studies. He noted they extrapolated the player data to the entire gaming universe which he compared to an airline saying frequent flyers are reflective of all flyers, including infrequent flyers. Mr. Gross stated Chair Lamberti’s question about the numbers associated with conventions was appropriate, and questioned how many convention goers are frequent players. He stated the findings were determined in a large part on the “perfect data” which was not perfect because the player data only accounts for approximately 60% of the entire play, but was extrapolated to all players. Mr. Gross stated the important part of a casino and its ability to attract dollars to the community is to bring dollars in from outside, but the studies did not see that nor was that information reviewed. The studies made the assumption the information did not exist. Mr. Gross stated one of the studies has a model that shows cannibalization of \$99 million from other casinos in the area; however, the projected revenue for Cedar Rapids is only \$82 million. He wondered how the Cedar Rapids facility could take away \$99 million, and only get \$82 million. Mr. Gross asked the Commission to take a hard look at the studies to determine if the assumptions contained in the studies are accurate and reflective of the gaming market in Iowa.

Chair Lamberti called on Clark Rieke. Mr. Rieke stated the model of regional revenue sharing and planning is done very well in Minneapolis. He stated he has studied the studies since their release and has learned a lot and will be sending another e-mail. He stated the authority of licensing gives the State and Commission a great opportunity and responsibility to model good regional development, which is the result of planning, zoning and fair revenue sharing of the benefits of regional projects such as a casino. Mr. Rieke stated Cedar Rapids gamblers are currently putting \$50 million into the gaming industry, but it is not coming back to Cedar Rapids in a fair share, which is not good economic development. He pointed out that \$30 million is going to Riverside and \$10 million each to Tama and Waterloo; but indicated another factor that should be taken into consideration is driving costs. Currently, Cedar Rapids residents are making a 70-mile round trip to spend \$30 million at Riverside, and a 100-mile round trip to the other two facilities. He stated it would be valuable for the Commission to know how much that represents in driving costs as that is just burned up resources that could be prevented with better

regional planning and better locating of a casino for the region; those costs could be turned into revenue. Mr. Rieke concluded his remarks by making the following points: 1) Good economic development based on a regional model; the decision and location for the Riverside-Cedar Rapids market would be the place with minimum cost for all gamblers to get there; 2) Once the cost is determined, the second question is what percent of \$50 million is Cedar Rapids' fair share; and 3) Based on the variables, he feels there would be some kind of potential in the long run to relocate the current Riverside Casino to the ultimate place.

Chair Lamberti called on Gary Thelen from West Des Moines. Mr. Thelen stated he is a gambler and comes to the meetings to see how the State of Iowa is regulating his favorite vice. Having said that, Mr. Thelen stated Iowa has a lot of gambling for a population of 3 million; noting Iowa has more forms of gambling than the State of Nevada. He stated Iowa does not need any more casinos. Mr. Thelen stated that he hopes the Commission will vote not to increase the number of casinos in Iowa; that he has enough places to play.

Chair Lamberti moved to Administrative Business, and called on Mr. Ohorilko. Mr. Ohorilko advised IRGC staff had received the year-end economic impact reports, which are available to the public. He stated the numbers are unaudited, but do represent the impact the facilities have on communities in Iowa. He provided the following numbers from the reports for the 2013 calendar year: Salaries, Wages and Benefits were in excess of \$278 million; Gaming Taxes, Payroll Taxes and other taxes were in excess of \$384 million to the State; charitable donations between the non-profit organizations and other donations were in excess of \$81 million. Mr. Ohorilko stated the total economic impact was \$1.1 billion. The Buy Iowa initiative, factoring out gaming equipment which cannot be purchased in Iowa and other necessary and specialized sources, reached 87.6%. He noted the percentage is down slightly from last year, but still represents a significant amount of purchases. Mr. Ohorilko stated all properties in Iowa were within 10% of the percentage except for Argosy, Grand Falls and Marquette, which face challenges due to their location.

Chair Lamberti moved to the Horse Promotion Fund. Mr. Ohorilko stated the Commission was giving notice there is \$2,908.24 available for distribution in FY 2014. Applications for the funds are due in the Commission's office by April 4th by 3:30 PM. He stated the information would also be posted on the Commission's website.

Mr. Ohorilko announced the purse supplement dollars for 2014. He stated the numbers have been distributed to the different breeds. The supplement dollars are as follows: Thoroughbreds - \$14,507,181; Quarter Horses - \$3,080,980; and Standardbreds - \$1,670,235.

Chair Lamberti noted the Commission was scheduled to resume the Contested Case hearing at 1:00; however, the start time is being moved to 1:30 PM to allow them to have lunch.

Hearing no further business to come before the Commission, Chair Lamberti requested a motion to adjourn. Commissioner Mertz moved to adjourn the meeting. Commissioner Kramer seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK